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February 6, 2024

Testimony in Support: L.D. 2143, An Act to Dedicate the Revenue from the Sales Tax on Electricity to Low-Income Ratepayer Assistance

Senate Chair Grohoski and House Chair Perry and members of the Committee on Taxation. I am Alf Anderson, Associate State Director for Advocacy and Outreach for AARP Maine. AARP is a non-profit, non-partisan social mission organization with more than 200,000 members across the state.

AARP Maine has supported the development of Maine's programs to help low-income households obtain and maintain essential electricity service. Maine currently receives federal funds for the Low Income Home Energy Assistance Program. Those funds are primarily directed to a household's primary heating source and not electricity. Under the direction of the Maine Public Utilities Commission, Maine ratepayers fund the Low Income Assistance Program (LIAP) that provides bill payment assistance for ongoing electric service and the Arrears Management Program (AMP) that provides a one-time opportunity to pay off an arrears balance. While AARP has regularly supported the reform and expansion of LIAP, the Maine Public Utility Commission has routinely denied significant increases in funding for this program because of their perceived concern about the costs included in electricity rates.

The purpose of this bill is to permanently expand funding for LIAP and AMP through the use of general tax revenues. The Office of Public Advocate's proposal that this additional funding come from diverting tax revenues from the sale of electricity has merit. We are aware that lower usage customers do not pay sales tax on electricity. The law currently requires the payment of sales tax on usage in excess of 750 kWh. As a result, it is the higher users who are typically residing in larger homes with more appliances who pay for this tax. It is appropriate and reasonable for these sales tax revenues be directed to lower income customers, many of whom qualify for the current program but who are not enrolled due to the enrollment caps reflected in the PUC's regulations. These revenues can help expand enrollment and make the current discounts more robust to reflect the higher prices that are likely to occur for increased investments for reliability

of service that we all agree are necessary.

AARP Maine supports this bill and looks forward to the Committee's review of the impact this bill might have on sales tax revenues and the needs of Maine's low income and fixed income electricity customers.

Thank you for the opportunity to provide our views on this important bill. If you have questions for me, I can be reached at aanderson@aarp.org or at 207-330-1147.

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